



US blacklists company that ordered TSMC chip found in Huawei processor

ReutersBy Karen FreifeldBy: Reuters | Jan 15 2025 at 02:35 PM | [International Trade](#)

President Joe Biden's administration added more than two dozen Chinese entities to its restricted trade list on Wednesday, including a company whose TSMC-made chip was illegally incorporated into a Huawei artificial intelligence processor.

Sophgo and other entities linked to it were among 25 China-based companies and two Singapore-based companies added to the U.S. Commerce Department's Entity List, according to government postings. Companies on the list cannot receive goods or technology exports without a license, which is generally denied.

Sophgo drew attention after a chip found on Huawei's Ascend 910B multi-chip AI system matched one it ordered from Taiwan Semiconductor Manufacturing Co.

Sophgo is among numerous companies that have been punished for helping Huawei. Late last year, the Commerce Department added other companies viewed as part of Huawei's shadow network to the restricted trade list.

Sophgo, an affiliate of bitcoin mining equipment supplier Bitmain, did not immediately respond to a request for comment. Nor did Huawei.

In a statement on its website posted after the initial allegations, Sophgo said it "has never been engaged in any direct or indirect business relationship with Huawei."

The U.S. also on Wednesday tightened restrictions on advanced computing semiconductors, including chips used for AI, to stop them from reaching China.

The new rules follow curbs the U.S. placed on TSMC after discovery of its chip in Huawei's Ascend 910B multi-chip system. As Reuters exclusively reported, the U.S. in November ordered TSMC to halt shipments of certain advanced chips used in artificial intelligence applications.

The latest rule adds new curbs for chip factories and packaging companies seeking to export certain advanced chips, building on earlier measures aimed at hampering China's access to chips that could help its military.

The new controls affect chips at 14 or 16 nanometer nodes or below that can be used in AI applications, and impact companies beyond TSMC.

Neither TSMC nor Samsung, which also may be affected by the changes, immediately responded to requests for comment.

Chipmakers can bypass licensing requirements if certain conditions are met, such as working with trusted chip packagers and approved designers subject to due diligence and reporting obligations.

"We are holding foundries accountable for verifying that their chips are not being diverted to restricted entities," Commerce official Alan Estevez, who oversees export controls, said in a statement.

The rule also imposes tighter restrictions on a type of memory known as DRAM that is needed to make high bandwidth memory, which is used in AI processors.

The DRAM change will likely affect goods and technology destined to Chinese memory chip maker Changxin Memory Technologies, also known as CXMT, by imposing controls on more of its facilities, according to chip experts. CXMT did not immediately respond to a request for comment.

Companies are added to the Entity List for activities viewed as contrary to U.S. national security or foreign policy interests.

Ten entities were added on Wednesday because the U.S. said they would advance China's military modernization through advanced AI research. One was listed for helping develop lithography equipment for advanced chip factories in China.

Sixteen companies, including the Sophgo units, are involved in developing advanced chips that further China's advanced weapons systems, weapons of mass destruction and high-tech surveillance applications, and because they pose a risk of diversion to Huawei.



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